

RELATING TO THE EXTENSION OF TIME FOR THE EX-
PIRATION OF OIL, AND GAS PERMITS HERETO-
FORE ISSUED ON UNIVERSITY LANDS.

H. B. No 277.]

CHAPTER 71.

An Act for the sale of oil and gas leases on university land and to provide for the extension of the time for the expiration of oil and gas permits heretofore issued on university land and the issuance of leases thereon without the payment of any further sum except royalty, and declaring an emergency.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. That all university land now unsold and all of said land that has heretofore been sold with reservation of the minerals therein and that which may hereafter be sold with reservation of the minerals therein, whether known or unknown, shall be included in this Act and leases thereon conferring upon persons, firms and corporations the right to develop the oil and natural gas that may be in said land shall be subject to sale by the Commissioner of the General Land Office in accordance with the provisions of this Act and under such rules and regulations as may be adopted by said commissioner as may be necessary to the proper execution of its purposes; provided, oil and gas permits and leases outstanding, shall not be affected by this Act except as provided in Section 14 hereof.

SEC. 2. Sales of oil and gas leases on the lands included herein shall be made by the Commissioner of the General Land Office not less than once each month, when there is land in demand, and at 10 o'clock A. M. on the day fixed therefor. Sales of leases shall be for ten cents per acre in advance for the first year and twenty-five cents per acre in advance for the second year and fifty cents per acre in advance each year thereafter until production is secured in paying quantities, but not to exceed five years, and a royalty of one-eighth of the gross production of the oil, or the value thereof, produced and saved from the leased premises delivered into such pipe line as the lessee may connect his well, or wells, and one-eighth of the gross production of gas, or the value thereof, produced and sold off of the leased premises and in addition thereto such sum, if any, that one may pay therefor as provided herein.

SEC. 3. The commissioner shall advertise the land and the time when the mineral lease will be subject to sale, except as elsewhere provided in the event of tie bids. If there should be no other sufficient means for giving the necessary publicity as to what tracts will be subject to lease and the time when applications may be delivered to the General Land office, the commissioner shall have lists of such tracts printed for free distribution at the expense of the State, which expense shall be paid out of the appropriation for public printing. Such lists shall contain a brief designation of the tracts subject to lease and the terms upon which they may be leased and the time when

applications therefor will be opened and filed in the General Land Office.

SEC. 4. Separate applications for each tract with one dollar for county clerk recording fee, and the first payment of ten cents per acre and the sum offered in addition thereto, if any, for any tract shall be delivered into the General Land Office on or before the day and hour on which the lease will be subject to sale in sealed envelopes on which shall be endorsed in substance "Application to buy oil and gas," and in addition thereto the time the lease will be subject to sale. All envelopes so endorsed shall be securely kept by the commissioner or his chief clerk unopened until the date on which applications are to be opened and at said hour either or both of them shall begin to open the envelopes in the presence of such persons as may desire to be present. All applications received up to the opening hour, whether open or sealed, endorsed or not endorsed, shall be considered as properly delivered into the General Land office. An application which includes two or more tracts or is for a price less than the fixed royalty and ten cents per acre shall be void. When an application shall have been filed and considered and the land found to be subject to lease, the lease shall be issued for a term not to exceed five years to the applicant that pays the most, if any sum, for the area in addition to the ten cents per acre and the stipulated royalty. If production should not be secured in five years the lease shall terminate and another lease on the land again be subject to sale as in the first instance. A duplicate of the lease shall be kept on file in the General Land Office. All leases shall be forwarded by the commissioner, with one dollar recording fee, to the proper county clerk, who shall record same and deliver the lease to the lessor or his agent. If two or more persons should offer the same price for the same area and the same should be the highest price offered, all shall be rejected and a date fixed within the discretion of the commissioner, but not more than fifteen days after rejection, when a lease on the land will be subject to sale as in the first instance; provided no lease shall be sold for a sum less than the tie bid without the tract having been duly advertised and offered for sale on a regular sale date. All sums paid upon rejected applications shall be returned by the State Treasurer.

SEC. 5. Whenever production is secured in paying quantities and the payment of royalty begins, the owner shall not pay any further annual rental. After production is secured in paying quantities, the owner shall be entitled to an absolute lease which shall run so long as the area produces in paying quantities, subject only to the provisions of this Act. Whenever a lease ceases to produce in paying quantities or the owner fails to pay to the State the royalty due, it shall be subject to forfeiture by the commissioner, and when sufficiently informed of the facts which authorize a forfeiture he shall forfeit it and the area shall be again offered for sale as in the first instance.

SEC. 6. Royalty of one-eighth of the gross production, as

herein provided, shall be paid to the General Land Office for the benefit of the University permanent fund on or before the twentieth day of each month for the preceding month during the life of the lease, and it shall be accompanied by the sworn statement of the owner, manager or other authorized agent showing the gross amount of oil produced and saved since the last report and the amount of gas produced and sold off the premises, and the market value of the oil and gas together with a copy of all daily gauges of tanks, gas meter readings, if any, pipe line receipts, gas line receipts and other checks or memoranda of amount produced and put into pipe lines, tanks or pools and gas lines or gas storage. The books and accounts, the receipts and discharges of all lines, tanks, pools and meters, and all contracts and other records pertaining to the production, transportation, sale and marketing of the oil and gas shall at all time be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor or member of the Board of Regents of the University of Texas, or the representative of either.

SEC. 7. Royalty and all other sums shall be due and payable to the State at Austin, Texas, and shall be paid to the Commissioner of the General Land Office and he shall transmit all remittances in the form received to the State Treasurer, who shall credit the permanent University fund with all amounts received from royalty. All payments shall be in the form of cash, bank draft on some State or National bank in Texas, or post office or express money order, or such other forms as may be collectible in Austin.

SEC. 8. The State shall have a first lien upon all oil and gas produced upon any leased area to secure the payment of all unpaid royalty and other sum or sums of money that may be due and become due under the provisions of this Act and may follow the same and the value thereof into the hands of any purchaser.

SEC. 9. If oil or gas should be produced in commercial quantities in a well on an adjoining area whether privately owned, or covered by separate lease, which well should be within five hundred feet of an area leased under this Act, the owner of the lease on such University area shall, within sixty days after the initial production on such privately owned area, begin in good faith and prosecute diligently the actual drilling of an offset well or wells on the area so leased from the State and such offset well or wells shall be drilled to such depth and under such conditions as may be necessary to prevent the undue drainage of oil and gas beneath such University area. A log of such well, whether producer or non-producer, shall be filed in the General Land Office within thirty days after the well has been completed or abandoned.

SEC. 10. One may transfer his lease at any time or a part thereof in any size tract not less than forty acres and such transfer shall be recorded in the county or counties in which the area or part thereof is situated and the recorded transfer or

certified copy of same shall be filed in the General Land Office accompanied by one dollar as filing fee and ten cents per acre for each acre in the transfer and thereby the assignee shall have his portion separated from the other part and succeed to all the rights and be subject to all the obligations and penalties of the original lessee. The ten cents per acre as a transfer fee shall be deposited into the State Treasury to the credit of the available University fund, and the lease rental and the bonus paid by a purchaser shall be deposited in the State Treasury to the credit of the University permanent fund.

SEC. 11. An owner may relinquish his lease to the State at any time by having the relinquishment recorded in the county or counties in which the area or part thereof is situated and the recorded relinquishment or certified copy of same shall be filed in the General Land Office accompanied by one dollar as filing fee, and thereby the owner of such lease shall be relieved of any further obligations to the State but such relinquishment shall not have the effect to release the owner from any obligations or liabilities theretofore accrued in favor of the State. The area so relinquished shall be subject to lease as in the first instance.

SEC. 12. If the owner of a lease should fail or refuse to make the payment of any sum due thereon either as rental or royalty on the production within thirty days after same shall become due, or if such owner or his authorized agent should make any false return, or false report concerning production, royalty or drilling, or if such owner should fail or refuse to drill any offset well or wells in good faith as required by this Act, or if such owner or his agent should refuse the proper authority access to the records or other data pertaining to the operations under this Act, or if such owner or his authorized agent should fail or refuse to give correct information to the proper authority, or fail or refuse to furnish the log of any well as provided herein, such lease shall be subject to forfeiture by the Commissioner of the General Land Office and when sufficiently informed of the facts which authorized a forfeiture, the commissioner shall forfeit same, and the area shall be subject to lease again after due advertisement; provided, such forfeiture may be set aside and the lease and all rights thereunder reinstated before the rights of another intervene; upon satisfactory evidence of future compliance with the provisions of this Act and the rules and regulations authorized to be adopted for the purpose of executing its provisions.

SEC. 13. Whenever it may be necessary for the owner of a lease to enter the enclosed land of another for the purpose of ingress and egress to and from the area so leased from the State and such lessee and owner of enclosure or agent of the owner cannot agree upon the terms or place of entry, the lessee or his agent may petition the commissioners' court of the county or counties in which such enclosure may be situated in whole or in part for the opening of such way of ingress and egress aforesaid as may be necessary. Upon the filing of such petition it shall be the duty of said court or courts to proceed to lay out

and establish in the manner provided for the laying out of third class public roads, such road or roads as may be necessary for the purposes named herein.

SEC. 14. All oil and gas permits heretofore issued upon lands included herein and now in force shall be extended for a term of five years from date thereof and whenever production is secured in paying quantities and the payment of royalty begins, the owner shall not pay any further annual money rental. After production is secured in paying quantities the owner shall be entitled to a lease which shall run so long as the area covered by his lease produces oil or gas in paying quantities, subject to the provisions of this Act.

SEC. 15. The importance of this proposed legislation and the near approach of the close of this session creates an emergency and an imperative public necessity that the rule requiring bills to be read on three separate days in each House be suspended and that this Act be placed upon its third reading and final passage and take effect from and after its final passage, and it is so enacted.

[NOTE.—The enrolled bill shows that the foregoing Act passed the House, 102 yeas, 5 nays; passed the Senate, 27 yeas, 0 nays.]

Approved March 10, 1925.

Effective March 10, 1925.

RELATING TO COMPENSATION OF COUNTY COMMISSIONERS IN COUNTIES WITH A POPULATION OF NOT LESS THAN THIRTY-FIVE THOUSAND NOR MORE THAN FORTY-ONE THOUSAND.

H. B. No. 464.]

CHAPTER 72.

An Act fixing the compensation of county commissioners in counties of judicial districts comprised of two counties on January 1, 1925, having a total population within said districts of not less than thirty-five thousand nor more than forty-one thousand inhabitants according to the last United States census, and which have an aggregate area of not less than 1890 square miles according to the records of the General Land Office of Texas, and declaring an emergency.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Hereafter each county commissioner in each of the counties of all judicial districts of Texas, composed of two counties as of date January 1, 1925, which said counties comprising such judicial districts had a total population of not less than thirty-five thousand nor more than forty-one thousand inhabitants, according to the last United States census, and which said counties have an aggregate area of not less than 1890 square miles according to the records of the General Land Office